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DEPARTMENT PASS TO USTR (AGAMA)

E.O. 12598: N/A

TAGS: [ETRD](#) [ECON](#) [KTEX](#) [ELAB](#) [ENRG](#) [EPET](#) [NI](#)

SUBJECT: NIGERIA: TEXTILE AND APPAREL PRODUCTION 2006 DATA

REF: STATE 114799

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11. The following are statistical data for 2006 on textile and apparel production in Nigeria. At this time, 2007 data are unavailable:

-- Total industrial production - \$59.5 billion, comprising crude petroleum (\$55 billion), mining and quarrying (\$181 million), and manufacturing (\$4.3 billion).

-- Total textile and apparel production - not available.

-- Textile and apparel share of host country imports - \$129 million, representing 0.6 percent of imports.

-- Textile and apparel share of host country exports - \$19.2 million, representing nearly zero percent of exports.

-- Export in textiles and apparel to the United States - \$94,000.

-- Total manufacturing employment - 1.9 million.

-- Total textile and total apparel employment - 35,500.

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Textile Industry Not Competitive  
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12. Nigerian textile companies cannot compete favorably with Asian textiles due to the high cost of production in Nigeria, from poor infrastructure and unreliable electricity supply. Textile companies complain about the loss of orders as a result of competition from Chinese textile manufacturers and that some textile factories owned by both Nigerians and Asians have shut down as a result. According to press reports, 33 Nigerian textile firms have closed in the past three years, causing the lost of 500,000 jobs.

13. Textile manufacturing is produced locally with an emphasis on African prints, which are sold locally and also exported to other West African countries. The manufacturers are not aware of U.S. or E.U restrictions on certain exports of textiles and apparel from China affecting export prospects for Nigerian manufacturers.

14. In a bid to remain competitive, employers have reduced wages and in some cases reduced their work force. Minimum wage regulations are usually not complied with, and apply mostly to federal government workers only. Workers at the lower tiers of government negotiate their wages with their respective governments, while wages in the private sector are set through negotiations with the unions. We are not aware of any GON policy or program that is in place to deal with dislocated workers in the sector resulting from increased competition.

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¶5. The Government of Nigeria (GON) placed a ban on certain textile imports including African prints to protect the Nigerian textile industry. Despite the ban, textiles are regularly smuggled into Nigeria. The GON established a textile intervention fund to resuscitate the ailing sector. Textile companies are investing in new machinery, while working to take advantage of Category 9 certification to export to the U.S.

¶6. The GON has committed billions of dollars to constructing eighteen new power plants to improve electricity supply. At this time, the domestic gas supply and infrastructure to support the power plants are not in place. Industry experts have told us that there is not enough natural gas to supply the domestic market and continue exportation. The new government is aware of the problem and discussions are ongoing to solve it. The GON has announced plans to build railways, roads and other infrastructure to cut costs for manufacturers and increase competitiveness.

¶7. The GON tried unsuccessfully to raise funds with which to aid the industry through Eurobonds, but failed to meet the requirements. Subsequently, United Bank of Africa has announced that it plans to raise 70 billion on behalf of the GON. The bank will provide the funds raised to the GON which will lend to textile manufacturers at low interest rates.

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Future Prospects

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¶8. Textile experts comment that if infrastructure is improved, interest rates low, and property rights streamlined, Nigeria's textile industry will be competitive. One issue that hinders the industry is the lack of an apparel base, because of the focus on customized clothes. As a result, tailors are not organized, trained or encouraged to produce mass apparel. If these tailors received

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training, it is possible that Nigeria could become a significant apparel exporter. In late 2006, the Nigerian Export Promotion Council (NEPC) established a human capital development center in Lagos to train apparel makers. The graduates from the center have been employed by apparel exporters who have received orders from the U.S. There are also plans by several state governors to replicate such centers in their states in collaboration with the NEPC.

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